

United States
Rail Services, Inc.



633 Battery Street
San Francisco, California 94111
(415) 445-7690

May 20, 1981

13119
RECORDATION NO. _____ FILED 1425

MAY 28 1981 - 15 AM

INTERSTATE COMMERCE COMMISSION

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

1-148A060
No. _____
Date MAY 28 1981
Fee \$ 50.00
ICC Washington, D. C.

Dear Mr. Secretary:

On behalf of United States Rail Services, Inc. I submit for filing and recording under 49 U.S.C., Sec. 11303(a) the following documents:

Four executed and notarized copies of Car Lease No. JV 81-02, dated as of February 20, 1981, between Illinois-Pacific Leasing Company, Inc. and Chicago Short Line Railway Company.

The equipment covered is as follows:

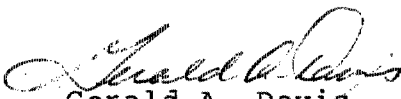
Car Lease No. JV 81-02: 100 ton Special Purpose Gondola Cars with covers for coil steel loading; numbered CSL 251 through CSL 300.

Also enclosed is a check in the amount of \$50.00 in payment of the recording fee.

Once the filing has been made please return the following: the filed counterparts not required for filing purposes; the fee receipt; the letter from the Interstate Commerce Commission acknowledging the filing; and the extra copy of this letter of transmittal.

Should you have any questions I can be reached at (415) 445-7655.

Very truly yours,


Gerald A. Davis,
Secretary

Encls.

INTERSTATE
COMMERCE COMMISSION
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ADMINISTRATIVE SERVICES
MAIL UNIT
MAY 28 10 09 AM '81
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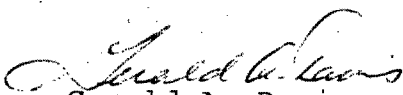
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Encls.

CAR LEASE AND SCHEDULE NO. 1

13119

RECORDATION NO. _____ Form 1425

MAY 28 1981 - 9 15 AM

INTERSTATE COMMERCE COMMISSION

Lessee: CHICAGO SHORT LINE RAILWAY CO.

Car Lease No: JV 81-02

Date: February 20, 1981

AAR Mech. Design	Description	Numbers	Dimensions			Door Width if applicable	Quantity
			Length	Width	Height		
GBSR	100 Ton Special Purpose Gondola Cars with covers for coil steel loading	CSL 251 through CSL 300	52'6"	9'6"	5'0"	N/A	50

Anticipated Delivery Date:	6-30-81
Term:	15 _____ years
Latest Available Delivery Date:	8-31-81
Base Rental Utilization Percentage:	86 _____ percent
Base Miles Per Day	60 _____ miles
Minimum Utilization Percentage:	86 _____ percent

ILLINOIS-PACIFIC LEASING COMPANY, INC. ("Lessor") agrees to lease to the above named lessee ("Lessee") and Lessee agrees to lease from Lessor the group of cars described on the above Schedule and all other group(s) of cars described on any Schedule(s) hereafter executed by the parties and made a part of this Agreement (collectively "Cars") on the following terms and conditions:

1. General: Lessor shall order each group of Cars for delivery to Lessee commencing on the Anticipated Delivery Date. Lessee shall lease each Group from Lessor for the Term which shall commence upon the execution of the Schedule for a Group and expire, unless terminated as elsewhere provided in this Agreement, the number of years in the Term after actual delivery of the last Car in such Group or the Latest Available Delivery Date for such Group, whichever date is first. As rental for all Cars, Lessee shall pay Lessor an amount measured by the revenues resulting from the use of the Cars by railroads other than Lessee ("Net Car Hire Revenues") up to the Base Rental, determined as set forth below, plus all amounts earned by each Car in excess of its Base Rental prior to its first loading on the line of Lessee.

The Base Rental for each calendar year shall be an amount equal to the total for all Cars commencing on the respective Initial Loading of each Car of (a) the hourly time charge applicable to each Car, multiplied by its Base Rental Utilization Percentage and multiplied by the number of hours in the calendar year the Car was subject to this Agreement; plus (b) the mileage rate applicable to each Car, multiplied by its Base Miles Per Day, multiplied by its Base Rental Utilization

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Percentage and multiplied by the number of days in the calendar year the Car was subject to this Agreement.

The hourly time charge and mileage rate prescribed from time to time by the IOC and as set forth in the Official Equipment Register for a Car shall be used to determine the Base Rental. If the IOC ceases to prescribe an hourly time charge and/or mileage rate, Lessor shall, from time to time, set such charge and/or rate upon sixty days prior written notice to Lessee. Such rate or charge shall thereafter be used to compute the Base Rental and charges to railroads for the use of the Cars. Such rate or charge shall not exceed the highest rate or charge made at such time by one railroad to another for the use of a car of substantially the same cost, age and specifications; provided, however, Lessor shall not be required to set such rate or charge at an amount less than the rate or charge last prescribed by the IOC for such a Car.

Lessee shall not, without the prior written consent of Lessor (which consent shall not be unreasonably withheld), make any agreement or contract with another railroad, shipper or other user of a Car pursuant to which such railroad, shipper or other user pays an amount for the use of such Car which is less than the amount prescribed by the IOC for such use. If at any time the Lessee shall have the right to impose an hourly time charge, mileage rate or other charge in excess of that prescribed by the IOC for the use of a Car, Lessor may, with the prior written consent of Lessee (which consent shall not be unreasonably withheld), require the Lessee to impose an hourly time charge, mileage rate or other charge in excess of that prescribed by the IOC and the Base Rental shall be determined using such higher charge or rate.

2. Definitions. When used in this Agreement, the following terms shall have the following meanings:

(a) Agreement: This Car Lease and all Schedules thereto.

(b) AAR: Association of American Railroads or any successor thereto.

(c) Base Rental: The amount for a calendar year for all Cars as defined in Section 1.

(d) Car Hire Revenues: All amounts payable by any railroad line for the use of a Car including but not limited to hourly time charge payments and mileage charges, but excluding any sum payable as a consequence of the loss of or damage to a Car.

(e) Delivery Date: The date for each Car upon which Lessee or Lessor, as agent for Lessee, accepts delivery of such Car under this Agreement.

(f) Group: The Cars leased under a particular Schedule.

(g) IOC: Interstate Commerce Commission or any successor thereto.

(h) Initial Loading: The first loading of a Car, whether on the Lessee's line or on the line of any other railroad.

(i) Lessee's Equipment: Freight cars (other than the Cars) leased or owned by Lessee but excluding foreign cars which are interchanged to Lessee.

(j) Net Car Hire Revenues: Car Hire Revenues less any sales or use taxes included in or due thereon or measured by any amounts payable by Lessee to Lessor as rental.

(k) Net Revenues: All amounts payable by any railroad line for the use of a Car or Lessee's Equipment, including but not limited to, hourly time charge payments and mileage charges, but excluding (a) any sum payable as a consequence of the loss of or damage to a Car or Lessee's Equipment; (b) any sales or use taxes included in or due thereon or measured by any amounts payable by Lessee to Lessor as Rental; and (c) all reclaims.

(l) Other Equipment: Freight cars (other than the Cars) owned or leased by Lessee or which are available for use by Lessee through any private supplier, interchange with railroads or otherwise.

(m) Utilization Percentage: A percentage separately computed for each Group equal to (i) the aggregate number of hours in the relevant period during which Car Hire Revenues are earned by Cars in the Group, divided by (ii) the aggregate number of hours in such period that such Cars are on lease to Lessee. For purpose of computing the Utilization Percentage, a Car shall be on lease commencing with its Initial Loading.

3. Delivery

3.1 Delivery. The Anticipated Delivery Date is Lessor's best estimate of the Delivery Date of the first Car in a Group. It shall be subject to, and appropriately adjusted for, the manufacturer's prior scheduling, any delays encountered by such manufacturer in manufacturing the Cars, and any other delays beyond Lessor's or the manufacturer's reasonable control. Lessor shall keep Lessee reasonably advised of any changes in the Anticipated Delivery Date and the expected Delivery Dates of the other Cars in the Group. No adjustment of the Anticipated Delivery Date shall be a breach of this Agreement nor excuse either party from performance of this Agreement; provided, however, Lessee or Lessor shall have the option to cancel this Agreement with respect to any Car not delivered on or before the Latest Available Delivery Date.

3.2 Specifications. The Cars in each Group shall conform to the general specifications set forth in the Schedule covering them and to all applicable governmental and regulatory requirements. The Cars shall bear the markings as designated by Lessee and permitted by applicable regulations. If the railroad markings are not known at the time a Car is made subject to this Agreement, Lessee hereby authorizes Lessor to complete this Agreement with such markings prior to the Delivery Date of such Car. The Cars may bear, on their delivery and during the Term, any appropriate markings reflecting Lessor's or any other party's interest therein.

3.3 Inspection and Delivery. As Lessee's agent, Lessor shall accept delivery of the Cars at the manufacturer's facility or any other location chosen by Lessor. Each Car shall be subject to this Agreement and deemed delivered to and accepted by Lessee for all purposes under this Agreement upon acceptance by Lessor.

3.4 Initial Loading. Following its Delivery Date, each Car shall be moved to Lessee's line at no cost to Lessee for its Initial Loading on Lessee's line. Lessor and Lessee acknowledge that due to the nature of railroad operations Lessor cannot control or determine when a Car will actually be available to Lessee for its Initial

Loading. Prior to a Car's Initial Loading on Lessee's line, neither party shall, without the prior written consent of the other party, issue a movement order for such Car that would result in any cost or charge to Lessor or Lessee.

4. Payment of Rental

4.1. Accrual of Rental. Rentals under Section 1 shall accrue as and when Net Car Hire Revenues are earned.

4.2. Collection and Payment by USRS. Lessor and Lessee acknowledge that United States Rail Services, Inc. ("USRS") presently disburses and accounts for Net Revenues other than Car Hire Revenues pursuant to a Car Lease and Schedule No. 1 between Lessee and USRS. So long as USRS provides such disbursing and accounting services, Lessee shall cause USRS to provide the services set forth in paragraphs (a), (b) and (c) below. In the event USRS shall cease for any reason to provide such disbursing and accounting services to Lessee, the provisions of Section 4.3 shall immediately become operative.

(a) Monthly Estimated Rental Payment. USRS shall pay to Lessor, and Lessor shall receive in good funds in the bank designated by Lessor on the fifth day of each month the total Net Car Hire Revenues collected in the preceding month. At the time the payment described above is made, USRS shall report for the same service month, the dollar figure for 100 percent of the estimated Net Car Hire Revenues earned.

(b) Quarterly Rental Settlement. USRS shall within five (5) months after the end of each of the first three calendar quarters of each year, calculate and give Lessor and Lessee notice thereof on a cumulative quarterly basis, the rentals due Lessor for all service months in such year through the end of such quarter and the amount due Lessee from Lessor. All of such rentals due Lessor so calculated shall be retained by Lessor from the estimated rental payments made pursuant to clause (a) above and the balance, if any, of the Net Car Hire Revenues earned and received for such period shall be paid by Lessor to Lessee.

(c) Annual Accountings. USRS shall within five (5) months after the end of each calendar year, or in the case of termination for any reason of this Agreement, then within five (5) months after such termination, calculate on a cumulative basis for the service months in such year (or in the case of termination, for the service months since the end of the prior year) the rental due Lessor and the amounts, if any, due Lessee from Lessor for such year or the period prior to such termination.

(d) Annual Payment and Adjustment. Within five days following the date USRS gives Lessee and Lessor notice of Net Car Hire Revenues earned for a calendar year or other period pursuant to paragraph (c), Lessor shall pay Lessee the difference, if any, between the Base Rental for such year or other period and the Net Car Hire Revenues earned for such period and received by Lessor during such year or period or within three months following the end of such year or other period, less any payment made pursuant to Paragraph (b). If Lessor has paid Lessee pursuant to this Section 4.2 an amount in excess of that which Lessee is entitled as finally determined for such year or other period Lessee shall promptly pay such excess to Lessor upon invoice. Lessee shall not be responsible for the failure of USRS or Lessor to collect any Net Car Hire Revenues from railroads except as provided in the first sentence of Section 4.4.

(e) Delayed Receipt of Car Hire Revenues. If Lessor has not received all of the Net Car Hire Revenues earned for a calendar year (or period prior to termination) within three months following the end of such year (or period), USRS shall account to Lessor and Lessee for such Net Car Hire Revenues when received on a calendar quarter basis and, if Lessee is entitled thereto, Lessor shall pay such Net Car Hire Revenues to Lessee within two months following the end of the quarter in which received. Lessor shall be entitled to receive the Base Rental prior to payment of such Net Car Hire Revenues to Lessee.

4.3 Collection and Payment by Lessor. Subject to the provisions of Section 4.2, this Section 4.3 shall govern the collection and payment of Net Revenues. Car hire reports shall be sent to Lessee. Lessee shall collect the Net Revenues shown due on such car hire reports. Lessee shall forward, via overnight courier, on or before the 26th day of each month, all originals of car hire reports and detailed supplemental information. Lessor shall draw a bank draft on Lessee for the Net Revenues. Within ten (10) working days after Lessor draws such bank draft, Lessor shall pay Lessee, by check or by wire transfer as directed by Lessee, Net Revenues collected for Lessee's Equipment.

Lessor shall account for Car Hire Revenues and determine the Base Rental due it and amounts due Lessee on a calendar year basis and throughout the calendar year on an interim basis for the first three calendar quarters.

(a) Interim Accountings and Payments. Lessor shall, within five months following the end of each of the first three calendar quarters of each year calculate on a cumulative year to date basis and give Lessee notice of the Net Car Hire Revenues earned in such period and promptly pay Lessee any Net Car Hire Revenues earned and received for such period in excess of the Base Rental computed for such period.

(b) Annual Accounting. Lessor shall within five (5) months after the end of each calendar year, or in the case of termination for any reason of this Agreement, then within five (5) months after such termination, calculate (and give Lessee notice) on a cumulative basis for the service months in such year (or in the case of termination, for the service months since the end of the prior year) the Net Car Hire Revenues earned and Base Rental for such year or the period prior to such termination. Lessor shall be entitled to an amount equal to the Base Rental for such year or other period and Lessee shall be entitled to the balance of Net Car Hire Revenues earned for such year or other period.

(c) Annual Payment and Adjustment. On the date Lessor gives Lessee notice of Net Car Hire Revenues earned for a calendar year or other period pursuant to paragraph (b), Lessor shall pay Lessee the difference, if any, between the Base Rental for such year or other period and the Net Car Hire Revenues earned for such period and received by Lessor during such year or period or within three months following the end of such year or other period, less any payment made pursuant to Paragraph (a). If Lessor has paid Lessee pursuant to this Section 4.3 an amount in excess of that which Lessee is entitled as finally determined for such year or other period Lessee shall promptly pay such excess to Lessor upon invoice. Lessee shall not be responsible for the failure of Lessor to collect any Net Car Hire Revenues from railroads except as provided in the first sentence of Section 4.4.

(d) Delayed Receipt of Car Hire Revenues. If Lessor has not received all of the Net Car Hire Revenues earned for a calendar year (or period prior to termination) within three months following the end of such year (or period), Lessor shall account for such Net Car Hire Revenues when received on a calendar quarter basis and, if Lessee is entitled thereto, pay such Net Car Hire Revenues to Lessee within two months following the end of the quarter in which received. Lessor shall be entitled to receive the Base Rental prior to payment of such Net Car Hire Revenues to Lessee.

The provisions of this Section 4.3 shall remain in effect following expiration or termination of the Term until Lessor and Lessee shall have received all rentals and other amounts due them hereunder.

4.4 Offsets and Bankruptcy. If any railroad reduces any Car Hire Revenue due hereunder by offsetting against such Car Hire Revenue, amounts owed to such railroad by Lessee for the use of such railroad's freight cars or otherwise, Lessee shall pay to Lessor upon request the amount of Car Hire Revenues not paid by such railroad and due Lessor hereunder. If Net Car Hire Revenues are earned but not received due to the insolvency or bankruptcy of any railroad, such Net Car Hire Revenues shall not be considered earned for purposes of determining the Base Rental.

4.5 Quarterly Loadings. If in any calendar quarter Lessee has more than 200 coil steel loads suitable for the Cars leased hereunder without regard to whether or not the Cars are equipped with covers, the Lessee shall pay to Lessor upon invoice the difference between (i) the Base Rental for such Cars for such quarter and (ii) the Net Car Hire Revenues earned for such period. Except as provided in Section 4.4 no adjustment shall be made for Net Car Hire Revenues earned but not received in computing any amount due under this Section 4.5. Lessor shall compute such amount and invoice Lessee therefor not earlier than 5 months following the end of such quarter.

4.6 Reduction of Base Rental for Damaged Cars and Preventive Maintenance. A Car shall not be considered as subject to this Agreement for the purpose of determining the Base Rental (a) during any period such Car has been withdrawn from revenue service by the Lessor for preventive maintenance or (b) during any Extended Repair Period of such Car. For purposes of this Section 4.6, the Extended Repair Period of a Car shall (i) commence when such Car has not been in revenue service for 120 consecutive days due to repairs required as a result of damage to such Car occurring off the line of Lessee and (ii) terminate on the day such Car is returned to revenue service.

5. Operation; Movements; Preferences

5.1 Lessee's Use. So long as Lessee shall not be in default under this Agreement and subject to Section 14.1, Lessee shall be entitled during the Term to the control, use and quiet enjoyment of the Cars in accordance with the terms and conditions of this Agreement and in the manner and to the extent Cars are customarily used in the railroad freight business. Lessor shall not be liable for any consequential damages or loss of profits caused by the failure to deliver, loss of, damage to or unavailability of any Car for any reason whatsoever.

5.2 Limitations on Lessee's Use. To the extent Lessee has physical possession and/or can control the use of the Cars, Lessee shall not permit (i) use or operation of any Car at any time in contravention of or in non-compliance with the laws of the jurisdiction in which the same may be located or in contravention of or

non-compliance with any lawful act, rule, regulation or order of any governmental body or officer having power to regulate or supervise the use of the Car; (ii) use of the Car in unit train service or so as to subject it to more than usual wear and tear or shorten its service life; (iii) assignment of any Car for more than fifty (50) days in any calendar year to any form of international service or use outside the boundaries of the contiguous United States; or (iv) use of a Car for the carriage of a hazardous or corrosive lading. Either Lessor or Lessee may in good faith and by appropriate proceedings contest the application of any rule, regulation or order relating to the use or operation of the Cars in any reasonable manner at the expense of the contesting party.

5.3 Car Movements. Except as expressly provided in this Section 5.3 and in Section 15, Lessee shall issue all movement orders covering the Car to other lines in accordance with applicable ICC and AAR interchange agreements and rules, which movements shall be made at its expense. Lessee shall keep Lessor reasonably advised of Car movements. Lessor, as Lessee's agent and at Lessor's option, may issue such movement orders as it considers necessary to maximize utilization of the Cars. Such movements shall be at Lessor's expense and in accordance with applicable ICC and AAR interchange agreements and rules. Lessor shall keep Lessee reasonably advised of such Car movements.

5.4 Loading Preferences. Lessee shall not discriminate against the Cars for interline shipment by loading Other Equipment of the same general type which is not as conveniently available as the Cars; provided, however, Lessee shall load each Car in a Group on its line before loading similar Other Equipment during any period in which the Group's Utilization Percentage is less than the Group's Minimum Utilization Percentage. Nothing in this Section shall prevent or prohibit Lessee from fulfilling its obligations to provide transportation services for its shippers on its line as required by law.

6. Administration

6.1 Lessee's. Lessee shall, at its expense:

(a) provide Lessor with reports regarding the use of the Cars by Lessee on its line as Lessor may reasonably request;

(b) prepare and file on its own behalf and Lessor's behalf all sales and use tax returns and all ad valorem, property and other tax returns (excluding income tax returns) required because of the operation, use, lease, or ownership of the Cars during the Term; and

(c) receive and transmit promptly to Lessor any reports or statements received by Lessee regarding repairs or maintenance required by any Car or accidents involving any Car.

6.2 Lessor's. Lessor shall at its expense prepare for execution and filing by Lessee all documents and reports relating to the registration, maintenance and use of the Cars (such documents and reports shall include, but are not limited to, the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2 if requested by Lessee and approved by Lessor; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Railway Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies).

6.3 Record Keeping. The party required pursuant to Section 4.2 or 4.3 to account for and disburse Car Hire Revenues shall, at such parties' expense, perform or cause to be performed all record keeping functions relating to the use of the Cars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation (correspondence from railroads using the Cars shall be addressed to Lessee at such address as the performing party shall select).

6.4 Lessee's Equipment. Upon ninety (90) days written notice from Lessee, Lessor shall perform, commencing on or any time after the first Delivery Date, the obligations described in Section 6.2 and 6.3 for all items of Lessee's Equipment. Lessee shall pay quarterly in arrears Lessor an annual fee of \$120.00 per calendar year per item of Lessee's Equipment excluding any Lessee Equipment acquired on or before October 15, 1980. Such fee shall be (i) prorated for any periods of performance which are less than a full calendar year; and (ii) adjusted on the first day of each calendar year to equal an amount which bears the same ratio to \$120.00 as the AAR labor billing rate on the first day of such calendar year bears to the AAR labor billing rate on the date of the Car Lease.

6.5 Assistance. Each party shall (i) provide the other party with any information in such party's possession necessary to enable the other party to perform its obligations under this Section 6; (ii) execute and file any reports, returns, and documents prepared by the other party pursuant to this Section 6 which must be executed and filed by such party provided such party is reasonably satisfied as to the accuracy thereof; and (iii) cooperate with the other party and render such other assistance as is reasonably necessary to enable the other party to perform its obligations under this Section 6. Each party shall be entitled to copies of all reports, returns, and documents prepared and filed by the other party pursuant to this Section 6.

6.6 Inspection of Records. All records kept by a party hereunder, including records of payments, charges and correspondence, shall be separately maintained in a form suitable for reasonable inspection and copying by the other party and its agents from time to time during regular business hours and upon reasonable notice. Lessor and its agents shall have the right, from time to time during regular business hours and upon reasonable notice, to inspect and copy Lessee's records regarding loadings for off line shipment of coil steel. All documents, records and information obtained by a party or its agent as a result of inspection or copying, pursuant to this Section shall be held in confidence by such party or agent and shall not be divulged except in connection with the enforcement of this Agreement.

7. Maintenance; Loss; Improvements

7.1 Lessor's Responsibility. Except as provided in Section 7.2, Lessor shall bear the cost of any loss of or damage to the Cars, and shall perform, or cause to be performed, at its expense all necessary inspections, repairs, servicing, and maintenance. Lessor and its agents shall have the right at any time during reasonable business hours and upon reasonable notice to inspect any Car then on Lessee's line. Lessee shall cooperate with Lessor whenever Lessor desires to make an inspection of a Car on the line of another railroad. Lessor shall be entitled to and Lessee shall take such action as Lessor may request to assure that Lessor receives all amounts and damages payable by, or due from, any railroad or other person or entity by reason of the loss or damage (whether total or partial) to a Car. Lessee shall not be required under this section to institute suit in any court of law unless Lessor agrees to

indemnify and hold Lessee harmless from any expense, damage or cost incurred by Lessee in connection with such suit.

7.2 Lessee's Responsibility. Lessee shall be responsible for and bear the cost of:

(a) any loss of or damage to a Car (including without limitation, the covers of a Car) occurring while on Lessee's line in the same manner that Lessee is responsible under applicable rules including AAR Code of Car Service Rules-Freight, AAR Code of Car Hire Rules and Interpretations-Freight and AAR Interchange Rules for Cars not owned by Lessee on Lessee's lines;

(b) any cardable damage to the Car (including without limitation the covers of a Car), or any maintenance or repairs required for the Car (including without limitation the covers of a Car), which exist or are required but are not noted by Lessee at the time the Car is interchanged to it, except Lessee shall not bear the cost of damages, maintenance or repairs which are owner's responsibility under AAR Interchange Rules applicable on the date of this Car Lease; and

(c) any losses, damages or liabilities resulting from any negligent acts or omissions of Lessee or any shipper on Lessee's line.

Lessee shall inspect each Car upon return to its line and no Car shall be accepted by Lessee without such Car's covers unless Lessee has previously removed and stored such covers on its line. Any loss or disappearance of the covers of any Car or Cars shall be at the sole risk and expense of Lessee. In the event of any such loss or disappearance, Lessee shall provide Lessor at Lessee's expense substantially similar replacement covers suitable for the Cars and interchange service.

Lessee shall perform at Lessor's expense running repairs to facilitate continued and immediate use of the Cars and repairs required by the AAR Interchange Rules for the continued use of the Cars but shall perform no other maintenance or repairs at Lessor's expense except as may be reasonably requested by Lessor. Lessee shall promptly perform in its ordinary course of business any such repair or maintenance requested by Lessor and which is normally performed by Lessee.

7.3 Improvements. Lessee shall not make any alterations, improvements or additions (collectively "Improvements") to the Cars without Lessor's prior written consent. If Lessee makes an Improvement without Lessor's prior written consent, Lessee shall be liable to Lessor for any revenues lost due to the Improvement and the costs incurred by Lessor in restoring the Car to its original condition, if restoration is performed, at Lessor's option. Any Improvement shall be an accession to the Car and title to the Improvement shall be and remain with Lessor at no charge or cost to Lessor.

7.4 Preventive Maintenance and Removal. Upon reasonable notice, Lessor may require Lessee to return at Lessor's cost and expense any Car or Cars for preventive maintenance or repairs and withdraw from this Agreement any Car or Cars Lessor deems uneconomical to maintain or repair.

8. Expiration and Extension of Term

8.1 Expiration. Upon the expiration or earlier termination of the Term for a Group, Lessee shall return to Lessor the Car(s) in the Group as directed by Lessor pursuant to Section 10.

8.2 Extension of Term. The Term for each Group shall automatically be extended for not more than five consecutive periods of twelve months each, unless at least twelve months prior to the expiration of such Term or any extension thereof, either party gives notice that such Term shall not be extended as to such Group.

9. Removal of Cars

9.1 Damaged or Destroyed Car. In the event that the destruction or damage beyond repair of a Car has been reported in accordance with Rule 7 of the AAR Code of Car Hire Rules and Interpretations-Freight (or other appropriate rules or regulations) and the appropriate amount due in accordance with AAR Interchange Rule 107 (or other appropriate rules or regulations) as a result thereof is received by Lessor, the Term shall terminate with respect to the damaged or destroyed Car as of the date that earnings of Car Hire Revenues ceased.

9.2 Regulatory Action. If by reason of any change in any law, rule or regulation occurring after the date of this Car Lease, the benefits of this Agreement to Lessor or Lessee are materially decreased or its obligations are materially increased, the affected party may, at its option, terminate the Agreement with respect to any or all Cars on 60 days prior written notice and direct the return of the Cars as provided in Section 10.

9.3 Lessor's Option to Terminate. If at any time during a calendar quarter (a) it is mathematically certain that a group cannot earn its Base Rental for such quarter and (b) Lessee has had less than 200 coil steel loads in such quarter suitable for the Cars in such Group without regard to whether or not the Cars are equipped with covers, then during such quarter or within 21 days following the end thereof Lessor may at its option, upon 24 hours written notice to Lessee, terminate this Agreement as to any or all of the Cars in such Group and direct the return of such Cars as provided in Section 10. In such event, Lessee shall have the option exercisable within four (4) days after receipt of Lessor's notice to pay Lessor the difference between (i) the Net Car Hire Revenues for such Group which Lessor has received to date of the exercise of the option and (ii) the Base Rental for such Group for the year to the end of such quarter. Upon such payment, such Cars shall continue under the terms of this Agreement. If this Agreement is terminated with respect to any Car pursuant to this Section 9.3 and such Car is returned to Lessor, such Car shall not be considered to be subject to this Agreement for purposes of determining the Base Rental upon the earlier of (a) the day Lessee is given notice of such termination or (b) the last day of such calendar quarter if such notice is given following the end of such quarter. In such event, all Net Car Hire Revenues earned by such Car following such day shall be paid to Lessor.

10. Return of Cars

10.1 Lessor's Direction; Effect. Upon Lessee's receipt of a direction given by Lessor as permitted by this Agreement to return any or all Cars, Lessee shall return the Cars affected, together with their covers, as provided in this Section. A Car shall be deemed returned to Lessor upon the removal of Lessee's railroad reporting marks from the Car, the placing thereon of such new railroad reporting marks as may be designated by Lessor, and the surrender of physical control thereof to Lessor. Upon Lessee's receipt of such direction, all amounts earned thereafter in respect to the Cars covered by such direction shall belong to Lessor and, if received by Lessee, shall be promptly paid to Lessor.

10.2 Place. Each Car (together with their covers) shall be physically returned either on Lessee's line or the line of another railroad, as designated by Lessor. If a Car is not on Lessee's line upon receipt of such direction, any cost of assembling, delivering, storing and transporting the Car to Lessee's line or the line designated by Lessor shall be borne by Lessor.

10.3 Markings. If Lessor designates a line other than Lessee's line for delivery, Lessee's railroad reporting marks shall be removed from the Car upon arrival on such line and the railroad reporting marks designated by Lessor shall be placed upon the Car at Lessee's expense which expense shall not exceed the AAR standard rate in effect at the time. If the Car is on the Lessee's line, or is subsequently returned to Lessee's line, Lessee shall at its own expense within five (5) working days remove Lessee's railroad reporting marks from the Car and place thereon such railroad reporting marks as may be designated by Lessor. Additionally, if this Agreement is terminated with respect to a Car pursuant to Section 9.3 Lessee shall, regardless of the place of return, pay or reimburse Lessor for all costs and expenses incurred by Lessor to have Lessee's insignia and name, if any, removed by painting over such insignia and name in matching paint.

10.4 Movement; Storage. After the removal and replacement of markings, Lessee shall use its best efforts to load such Car with freight and deliver it to a connecting line for shipment. Lessee shall provide Lessor up to sixty (60) days free storage on its line for each Car commencing on the arrival of such Car on Lessee's line following direction by Lessor to return such Car.

11. Insurance

11.1 Insurance. At its own expense, Lessee shall maintain in full force and effect, throughout the Term and until the Cars are returned as provided in Section 10.1:

(a) insurance for All Risk of physical damage or loss to the Cars (and their covers) (such insurance shall at least cover the Cars while on Lessee's line, be in amounts and with companies satisfactory to Lessor and include Lessor (and any party designated by Lessor) as an Additional Insured as its respective interests may appear); and

(b) public liability insurance (including liability assumed under contract), with respect to the Cars in amounts and with companies satisfactory to Lessor, against any damages resulting from Bodily Injury or death to members of the public, including all employees of Lessee, and for damage to the property of others including the loss of use thereof (Lessor, and any party designated by Lessor, shall be included as an Additional Insured).

11.2 Insurance Certification. Lessee shall provide Lessor appropriate Certificates of Insurance evidencing the foregoing insurance and providing that such insurance is only cancellable as to Lessor's (and any such designated party's) interest upon thirty (30) days' prior written notice to Lessor.

11.3 Lessee Self Insurance. Lessee may, with Lessor's prior written consent, maintain a self insurance program satisfactory to Lessor in lieu of the coverages required. In the event Lessee self insures pursuant to this Section, Lessee shall submit annually thereafter such information, including financial statements, as

Lessor may reasonably request to renew such program. Lessor, on 30 days notice to Lessee, may require Lessee to terminate such program and insure the Cars as provided in Sections 11.1 and 11.2.

12. Taxes. Lessor shall pay or cause to be paid (or reimburse Lessee for its payment of) all taxes, assessments and other governmental charges of whatsoever kind or character relating to any Car or on the lease, delivery, or operation thereof which remain unpaid as of the date of delivery of such Car to Lessee or which may be accrued, levied, assessed or imposed during the Term, except taxes on the net income of Lessee and sales or use taxes imposed on Net Car Hire Revenues.

13. Indemnity. Lessor will defend, indemnify and hold Lessee harmless from and against any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Cars provided, however, Lessor shall not indemnify Lessee or hold Lessee harmless from claims for any consequential damages or loss of profits including such as may result from or be caused by any loss or damage to a Car, or the unavailability of any Car for any reason; and provided, further, in no event shall Lessor be obligated to defend, indemnify, or hold Lessee harmless from:

- (a) any loss or damage to any lading or part of any lading carried by any Car;
- (b) any loss or damage resulting from Lessee's breach of this Agreement;
- (c) any loss or damage to a Car resulting from a failure by Lessee to note damages or necessary repairs or maintenance at the time of interchange of a Car;
- (d) any loss or damage of any kind resulting from any negligent act or omission of Lessee; or
- (e) any loss or damage of any kind whatsoever, regardless of how caused, occurring upon Lessee's premises or resulting from an occurrence or event involving any Car while on Lessee's premises.

14. Financing; Liens and Encumbrances

14.1 Financing. Lessee's rights hereunder and in the Cars shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by Lessor. Lessor covenants and agrees to fulfill all provisions of any financing agreement to prevent any default or event of default thereunder.

14.2 Lessee Liens; Encumbrances. Lessee shall not directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance, or other security interest or claim on or with respect to the Cars or any interest therein or in this Agreement. Lessee shall promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest, or claim if the same shall arise at any time.

15. Default

15.1 Default. The occurrence of any of the following events shall be an Event of Default.

(a) The nonpayment by Lessee or Lessor of any sum required herein to be paid within ten days after the date of any such payment is due.

(b) The breach by Lessor or Lessee of any other term, covenant, or condition of this Agreement, or the failure of any representation or warranty of Lessee or Lessor made herein in connection with this Agreement to be true or accurate in every material respect when made, which breach is not cured or misrepresentation corrected within ten days after written notice.

(c) Any act of insolvency by Lessee or Lessor, or the filing by Lessee or Lessor of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(d) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee or Lessor that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of Lessee or Lessor, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

15.2 Remedies on Event of Default. Upon the occurrence of any Event of Default by one party, the other party may with or without terminating this Agreement proceed by any lawful means to enforce performance of any obligations and/or to recover damages for the breach thereof. Any such termination shall not release (a) Lessee from its obligation to return the Cars in accordance with Section 10; (b) either party from any obligation to pay any sums that may then be due or accrue to such date or which result from said Event of Default; or (c) either party from the obligation to perform any duty or obligation or to pay any damages for the breach thereof.

Upon any Event of Default by Lessee, Lessee shall, at Lessor's option, return the Cars and perform the other obligations set forth in Section 10. Lessor may enter upon any premises of Lessee where the Cars may be located and take possession of them and henceforth hold, possess and enjoy the same free from any right of Lessee. If a Car is not on Lessee's line at the time Lessor directs its return, Lessee hereby appoints Lessor its agent in fact to direct all movements of the Car. Lessee shall also take all action reasonably requested by Lessor to effect the prompt return of any Car to it.

In the event of any action or proceeding brought by either party against the other under this Agreement, the prevailing party shall be entitled to recover (i) reasonable attorney's fees in such action and (ii) such other expenses or costs of such action as it shall have incurred.

The above remedies are cumulative and in addition to any and all remedies either party may have at law or in equity.

16. Representations and Warranties. Lessee and Lessor respectively represent and warrant that at the time of execution of this Car Lease and each Schedule thereto, and the Delivery Date of any Car that:

(a) Lessee and Lessor are corporations validly existing and in good standing under the laws of the respective states where they are incorporated and

have the corporate power, authority and are duly qualified and authorized to do business wherever necessary, to carry out their present business and operations and to own or hold under lease their properties and to perform their obligations under this Agreement;

(b) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee or Lessor;

(c) There is no action or proceeding pending or threatened against Lessee or Lessor before any court or administrative agency or other governmental body which might affect the enforceability of this Agreement or result in any material adverse effect on the business, properties and assets, or condition, financial or otherwise, of Lessor or Lessee;

(d) There is no fact or occurrence, nor is such party a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as such party can now reasonably foresee, will individually or in the aggregate materially adversely affect the ability of such party to perform its obligations under this Agreement; and

(e) All data, projections and other information provided by Lessee regarding utilization levels anticipated for the Cars was true and correct to the best knowledge and belief of Lessee when provided and no circumstance or event has occurred which would have a material adverse effect on such utilization levels which has not been disclosed to Lessor in writing.

17. Miscellaneous

17.1 Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Lessee may not without the prior written consent of Lessor assign this Agreement or any of its rights hereunder or sublease the Cars to any party, and any purported assignment or sublease in violation hereof shall be void. Lessor may, without the consent of Lessee, assign this Agreement to any affiliated corporation, or assign a security interest therein to any party, but such assignment shall not reduce or otherwise affect Lessor's liability for the full and timely performance of this Agreement.

17.2 Further Assurances. Both parties shall execute such documents as may be required in furtherance of any financing party's interest in and to the Cars and this Agreement and to confirm the subordination provisions contained in Section 14.1. The parties shall take any and all other action as is reasonable or necessary to effect the transactions set forth in or contemplated by this Agreement.

17.3 No Joint Ventures. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Cars only and no joint venture or partnership is being created. Notwithstanding the calculation and payment of the rental, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Cars, except as a lessee only.

17.4 Waivers. No failure or delay by Lessee or Lessor shall constitute a waiver or otherwise affect or impair any right, power or remedy available to Lessee or Lessor, nor shall any waiver or indulgence by Lessee or Lessor, or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

17.5 Governing Law. To the extent not preempted by federal law, this Agreement shall be governed by and construed according to the laws of the State of Illinois.

17.6 Notices. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the other party at the address set forth at the end of this Car Lease or such other addresses as may be designated in writing from time to time by one party to the other.

17.7 Complete Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes any previous written or oral agreements in connection therewith. Any change or modification of this Agreement or waiver of any right under this Agreement must be in writing and signed by the parties. To the extent any provision of Section 1 is inconsistent with any later provision of this Agreement, such later provision shall govern.

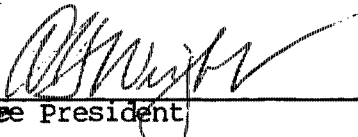
17.8 Severability. In the event that any terms of this Agreement shall be or becomes or is declared to be illegal by any court or tribunal of competent jurisdiction, such term or terms shall be null and void and shall be deemed deleted from this Agreement, and all the remaining terms of this Agreement shall remain in full force and effect.

17.9 Financial Statements. Lessee shall furnish Lessor within four months following the end of Lessee's fiscal year, financial statements, including balance sheets and income statements as filed as public record with any governmental entity.

17.10 Headings. All section or paragraph headings or titles are for convenience only and shall not be considered part of the text of this Agreement.

In Witness Whereof, the parties hereto have executed this Agreement as of the day and year first above written.


ILLINOIS-PACIFIC LEASING COMPANY, INC.

By 
its ~~Vice~~ President

Address for Notices:
Illinois-Pacific Leasing Company, Inc.
c/o Transportation Corporation of America
P.O. Box 218
Chicago Heights, Illinois

Attention: President

CHICAGO SHORT LINE RAILWAY CO.

By 
its President

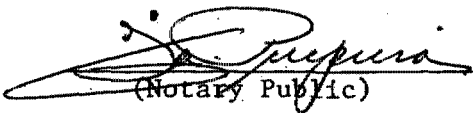
Address for Notices:
Chicago Short Line Railway Co.
9746 South Avenue N.
Chicago, Illinois 60617

Attention: President

STATE OF Illinois COUNTY OF Cook SS:

On this 6th day of May, in the year 19 81,
before me E.A. PURPURA a Notary Public in and for said county,
personally appeared E.A. PELOZA, known to me to be the
PRESIDENT of the corporation that executed the within instrument,
(Title)

and known to me to be the person who executed the within instrument on behalf
of the corporation therein named, and acknowledged to me that such corporation
executed the within instrument pursuant to its by-laws or a resolution of its
Board of Directors.


(Notary Public)

Cook COUNTY Illinois
(State)

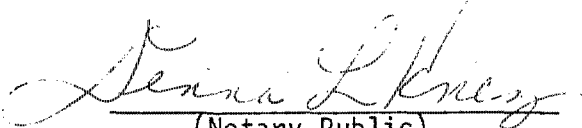
(Notarial Seal)

My Commission Expires: February 7, 1982

STATE OF Illinois COUNTY OF Cook SS:

On this 15th day of May, in the year 1981,
before me Denna L Knez a Notary Public in and for said
county, personally appeared C. H. Wright, known to me to be
the President of the corporation that executed the within
(Title)

instrument, and known to me to be the person who executed the within
instrument on behalf of the corporation therein named, and acknowledged
to me that such corporation executed the within instrument pursuant to
its by-laws or a resolution of its Board of Directors.


(Notary Public)

Cook COUNTY Illinois
(State)

(Notarial Seal)

My Commission Expires: 1-11-85